

Message Text

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PAGE 01 STATE 155465
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INFO USMISSION USUN NEW YORK
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UNCLAS STATE 155465

FOR TELATT

E.O. 11652:N/A

TAGS:UPU, AORG, AFIN

SUBJECT: UPU TAX REIMBURSEMENT: HAROLD MCCLURE

REF: (A) STATE 127852, MAY 1976 (B) STATE 126966

1. BY LETTER DATED APRIL 29 (REF 6006(L) 531), THE UPU HAS
BILLED THE DEPARTMENT 32,466.60 SF APPARENTLY FOR 1976
TAXES REFUNDED TO MCCLURE. ON JANUARY 18 DEPARTMENT PAID
13,269.20 SF APPARENTLY FOR MCCLURE'S 1975 TAXES. UNABLE
TO UNDERSTAND THE MASSIVE INCREASE IN SINGLE YEAR IN U.S.
TAXES PAID ON HIS UPU-DERIVED INCOME. ACCORDING TO
AGREEMENT OF MAY 25, 1976, (REF A) THE DEPARTMENT IS
LIABLE ONLY FOR TAXES PAID ON UPU-DERIVED INCOME AFTER
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JANUARY 1, 1975. (U.S. POSTAL SERVICE IS RESPONSIBLE FOR
THE EARLIER PERIOD.)

2. WE SUSPECT THAT MCCLURE MAY HAVE FILED HIS 1976 TAX
BEFORE REVISION SECTION 911 OF IRS CODE WAS FINALIZED.
(THAT IS THAT DROP IN EXEMPTION OF FOREIGN-DERIVED INCOME
FROM 25,000 DOLLARS TO 15,000 DOLLARS DID NOT BECOME

EFFECTIVE UNTIL JANUARY 1, 1977 - NOT JANUARY 1, 1976 AS
FIRST UNDERSTOOD, SEE REFTEL B. ACCORDINGLY, THOSE WHO
FILED ON TIME AND LOST 10,000 DOLLARS IN EXEMPTION PAID

MORE THAN THEY ACTUALLY OWE IN TAXES AND SHOULD FILE AN
AMENDED RETURN TO CLAIM A REFUND.)

3. IF MCCLURE PAID MORE TAXES THAN HE SHOULD HAVE, HE
SHOULD FILE FOR A REFUND AND THEN BILL UPU FOR THE NET
U.S. TAX HE PAID IN 1976. IT WOULD OF COURSE BE HIGHLY
IMPROPER TO REQUEST TAX REIMBURSEMENT REPAYMENT FROM
INTERNATIONAL ORGANIZATION AND THEN LATER FILE FOR REFUND
WITH IRS.

4. IN ANY EVENT, TAXES CLAIMED FOR BOTH 1975 AND 1976
SEEM SOMEWHAT HIGH FOR PURELY UPU-DERIVED INCOME OVER THE
25,000 DOLLAR EXEMPTION. WE WOULD APPRECIATE SATISFAC-
TORY EXPLANATION.

5. IN ORDER TO ENSURE THAT WE AND UPU ARE INTERPRETING
AGREEMENT IN THE SAME MANNER, WE WOULD APPRECIATE YOUR
OBTAINING STATEMENT FROM UPU THAT ALL TAX REIMBURSEMENTS
REQUESTED ARE SOLELY FOR INCOME DERIVED FROM UPU-SOURCES
SINCE JANUARY 1, 1975.

6. MISSION SHOULD ASSURE UPU THAT DEPARTMENT HAS NO
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DESIRE TO QUIBBLE OVER TERMS OF AGREEMENT OR HOW UPU IS
CARRYING OUT ITS PART. HOWEVER, WE FEEL WE MUST BE ABLE
TO PROVIDE OUR FISCAL DEPARTMENT AND INSPECTORS WITH
REASONABLE EXPLANATION OF WHAT MIGHT OTHERWISE APPEAR IN
ERROR. VANCE

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